

Message Text

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ACTION LAB-04

INFO OCT-01 EA-09 ISO-00 IO-13 CIAE-00 COME-00 EB-08
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FM AMEMBASSY PORT MORESBY
TO SECSTATE WASHDC 2100

UNCLAS SECTION 1 OF 2 PORT MORESBY 0231

E.O. 11652: NA
TAGS: ILO, ELAB, XB, PP
SUBJ: REQUEST FOR INFORMATION ON ILO ACTIVITIES IN ASIA:
PNG 73/017 AND PNG 70/504

REF: A) STATE 3255, B) STATE 18560, C) PORT MORESBY 0220

1. PNG/73/017-DEVELOPMENT OF COOPERATIVES, BUSINESS
MANAGEMENT AND SMALL-SCALE INDUSTRIES TRAINING AND PNG/70/504
CO-OPERATIVES DEVELOPMENT FOR PNG/73/017.

1. OBJECTIVES:

-PROMOTE INDIGENOUS PARTICIPATION IN SMALL-SCALE (MAINLY
RURAL) BUSINESS AND INCREASE LEVEL OF MANAGERIAL
EXPERTISE.

-STRENGTHEN DEPARTMENT OF BUSINESS DEVELOPMENT, THE MAIN
GOVERNMENT EXTENSION ORGANIZATION FOR SMALL-SCALE
INDUSTRIES.

PROVIDES PRE-AND IN-SERVICE TRAINING AND SUPORT TO
INDIVIDUAL BUSINESSMEN AND BUSINESS GROUPS, AND TO
DEPARTMENT STAFF.

DEVELOPMENT OF SMALL-SCALE BUSINESS, IN PARTICULAR IN
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RURAL AREAS, HAS TOP PRIORITY WITH THE GOVERNMENT. THE
DEPARTMENT OF BUSINESS DEVELOPMENT HAS HIGH BUDGET PRIORITY
AND ITS STRENGTHENING IS ALSO HIGH PRIORITY.

AFTER THE UNDP FINANCIAL CRISIS PROJECT WAS CUT DOWN TO:

-TRAINING OF INDIGENOUS PLANTATION MANAGERS

-TRAINING OF TRANSPORT MANAGEMENT STAFF

-TRAINING OF DIRECTORS OF CO-OPERATIVES AND
BUSINESS GROUPS

-PROMOTION OF WOMEN'S PARTICIPATION IN BUSINESSES

-TRAINING OF BUSINESS DEVELOPMENT EXTENSION STAFF.

NATIONAL PLANTATION MANAGERS ARE URGENTLY REQUIRED,
BECAUSE OF ACQUISITION BY NATIONALS OF FORMER EXPATRIATE-OWNED
PLANTATIONS. TRANSPORT MANAGEMENT ALSO REQUIRED, SINCE THIS
ONE OF FEW BRANCHES IN WHICH INDIGENOUS POPULATION ACTIVITY
INVOLVED. CO-OPERATIVE DIRECTOR TRAINING IS A LIMITED NEED.

IMPROVEMENT BUSINESS DEVELOPMENT EXTENSION NEEDED BUT
UTILIZATION EXTENSION OFFICERS HAMPERED BY WEAK MANAGEMENT OF
DEPARTMENT. GOVERNMENT OTHERWISE TRIES CREATE FAVORABLE
CONDITIONS FOR SMALL - SCALE BUSINESS BY MAKING GOOD CREDIT
FACILITIES AVAILABLE.

B. TRIPARTISM

NO TRIPARTISM IS INVOLVED.

C. GOVERNMENT SUPPORT

1. PROJECT HAS SERIOUS LACK NATIONAL COUNTERPART
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STAFF, BUT THIS IS NOT DUE LACK OF INTEREST, BUT REFLECTS
PAUCITY OF EDUCATED NATIONALS. PROBLEM RECOGNIZED FROM
BEGINNNING, AND UNDP DOMPROMISING ON GOVERNMENT'S FORMAL
COMMITMENTS, AND EXPECTS AT BEST GENERAL RISE IN DEPARTMENT'S
LEVEL OF EXPERTISE.

2. NO SERIOUS BOTTLENECKS RE SUPPLY FUNDS,
LOGISTICAL SUPPORT ETC.

ILO SUPPORT

1. PROJECT PREPARATIONS WERE SLOW ANDILO RAN INTO
DELAYS IN PROVIDING INTERNATIONAL STAFF. HOWEVER, ILO STAFF
UTIMATELY PROVIDED HAVE BEEN GOOD CALIBRE. THERE IS
STRONG SUPPORT FROM BILATERAL PROGRAMS THROUGH THE
ASSOCIATE EXPERT SCHEME. AGAINST THE FOUR EXPERTS AND ONE
UN VOLUNTEER THERE ARE NOW EIGHT ASSOCIATES FROM SWEDEN,
NETHERLANDS, FINALAND, BELGIUM AND DENMARK.

2/3. DECISIONS AND IMPLEMENTATION HAVE BEEN REASONABLY PROMPT.

D. SUCCESS OF IMPLEMENTATION

1. AFTER PROTRACTED PREPARATORY STAGE, TEAM ON NINE EXPERTS HAD JUST BEEN ASSEMBLED WHEN IN EARLY 1976 UNDP FINANCIAL CRISIS PROVIDED OPPORTUNITY TO REDUCE SCOPE OF PROJECT WHICH SEEMED UNPROMISING. THERE ARE NOW FOUR FULL EXPERTS. COMPARISON WITH ORIGINAL SCHEDULES ETC THEREFORE MEANINGLESS. REDUCTION WENT HAND IN HAND WITH CHANGE IN PROJECT DESIGN: THE ORIGINAL OVER-AMBITIOUS SET-UP INTENDED TO COVER ALL THE DEPARTMENT'S TRAINING NEEDS WAS REDUCED TO CATER ONLY FOR SPECIFIC TRAINING NEEDS. RESULT IS THREE COURSES MENTIONED UNDER 1A. ALL HAVE MET WITH GREAT INTEREST FROM BUSINESS SECTOR AND OPERATE ACCORDING TO SCHEDULE.

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2. SINCE REDESIGN OF PROJECT NO GENERAL EVALUATION MADE. UNDP HAS COME TO LOOK AT PROJECT AS WEAK OPERATION, BECUASE

(I) INTEREST IN BUSINESS IN MANY OF RURAL AREAS IS JUST COMMENCING. TRYING TO PROMOTE SMALL-SCALE BUSINESS BEFORE GENUINE INTEREST IS FELT IS NOT EFFECTIVE. TECHNICAL ASSISTANCE TO UNDERTAKINGS SHOULD BE PROVIDED IN AREAS WITH MORE OF A CLEARLY DEFINED NEED.

(II) MANAGEMENT OF THE BUSINESS DEVELOPMENT DEPARTMENT IS WEAK. THERE IS A SPLIT BETWEEN MANAGEMENT BRANCH AND TRAINING BRANCH, TO WHICH PROJECT IS ATTACHED, WHICH HAMPERS USE OF PROJECT RESULTS IN THE FIELD.

THE RECENTLY ADOPTED AD HOC APPROACH HAS RESULTED IN AT LEAST SOME RELEVANT RESULTS.

3. UNDP SUMMARY: NOT VERY SUCCESSFUL PROJECT, BECAUSE OF GENERAL ATTITUDE IN THE COUNTRY TOWARDS BUSINESS AND WEAKNESS IN THE RECEIVING DEPARTMENT.

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2. EMBASSY COMMENT: UNDP COMMENT REGARDING THIS PROJECT IS LESS THAN ENTHUSIASTIC. EMBASSY BELIEVES THAT SUCH COMMENT SHOULD BE CUSHIONED WITHIN A LARGER PERSPECTIVE REGARDING THE DEVELOPMENT OF COOPERATIVES, BUSINESS MANAGEMENT AND SMALL-SCALE INDUSTRIES IN PNG. PRIOR TO INDEPENDENCE THE TRAINING FOR INDIGENOUS PLANTATION MANAGERS, TRANSPORT MANAGEMENT STAFF, COOPERATIVE DIRECTORS AND BUSINESS GROUP MANAGERS AND DEVELOPMENT EXTENSION STAFF AND THE PROMOTION OF WOMEN'S PARTICIPATION IN BUSINESS WAS FRAIL INDEED. DEVELOPMENT OF ENTREPRENEURIAL TALENT IS A LONG-RANGE PROPOSITION WHICH WILL REQUIRE A NUMBER OF YEARS BEFORE SUCCESSES CAN BE ANTICIPATED.

3. THERE IS CONSIDERABLE INTEREST IN PNG IN THE IDEA OF GOING INTO BUSINESS. THIS DOES NOT MEAN THE INTEREST IS PRACTICAL AS YET, BECAUSE MOST OF THOSE WHO INDICATE SUCH AN INTEREST PROBABLY DO NOT UNDERSTAND WHAT IS REQUIRED TO ESTABLISH AND RUN A SUCCESSFUL FIRM. AS IS THE CASE IN MANY TRADITIONALLY BASED SOCIETIES, THE PREVALENCE OF EXTENDED FAMILY AND CLAN TIES MAKES IT VERY DIFFICULT FOR ENTREPRENEURS TO RESIST APPEALS FROM CLANSMEN AND FRIENDS FOR CREDIT AND LOANS. THERE IS A GROWING REALIZATION THAT THOSE IN CHARGE OF CONTROLLING THE FINANCE OF SMALL BUSINESSES OR COOPERATIVES SHOULD BE EXPATRIATES OR MEMBERS OF A DIFFERENT CLAN OR GROUP AFFILIATION SO THEY ARE NOT

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SUBJECT TO THESE PRESSURES. IT IS TO BE EXPECTED THAT THE BUSINESS DEVELOPMENT DEPARTMENT WOULD BE WEAK AT THIS STAGE IN PNG'S DEVELOPMENT. NEVERTHELESS, THE EMBASSY WOULD HOPE THAT THESE FIRST FRAIL ATTEMPTS WHILE DISCOURAGING IN THE INITIAL STAGES WOULD NOT RESULT IN LOSING SIGHT OF THE LONG-TERM POSSIBILITIES.

4. PNG/70/504-COOPERATIVES DEVELOPMENT

A. OBJECTIVES:

TO ESTABLISH A CO-OPERATIVE TRAINING COLLEGE AND
STRENGTHEN THE GOVERNMENT'S CO-OPERATIVE SERVICE.

THE PROJECT OUTPUT CONSISTED OF:

1. PROVIDING STAFF TO BUSINESS DEVELOPMENT DEPARTMENT.

THE COLLEGE HAS BECOME PRACTICALLY THE ONLY SOURCE
OF NATIONAL DEPARTMENT STAFF.

2. TRAINEES-DIRECTORS AND STAFF OF CO-OPERATIVES.

3. THE COLLEGE INSTITUTIONAL SET-UP AND COUNTERPART
TEACHING STAFF.

4. FIELD CURSE MATERIAL FOR CO-OPERATIVES STAFF ETC.
THE OUTPUTS ARE BEING UTILIZED.

B. TRIPARTISM

NO TRIPARTISM INVOLVED.

C. INSTITUTIONAL SUPPORT

GOVERNMENT:
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1. THE COLLEGE HAS BEEN EXCEPTIONALLY WELL PROVIDED
WITH COUNTERPART STAFF.

2/3. DECISIONS CONCERNING SUPPORT AND PROVISION OF
FUNDS AND MATERIALS HAVE BEEN PROMPT.

ILO:

1. INITIALLY THERE WERE DELAYS IN PROVIDING EXPERTS,
BUT IN DUE COURSE ALL EXISTING POSTS WERE FILLED
SATISFACTORILY. STAFF WAS OF GOOD QUALITY.

2/3. EQUIPMENT ETC. HAS BEEN PROVIDED WITH CONSIDERABLE
DELAYS, BUT IN TIME TO BE PUT TO GOOD USE IN THE PROJECT.

D. SUCCESS OF IMPLEMENTATION

1/2. QUALITY OF THE PROJECT IS MIXED. THE CO-
OPERATIVE MEVEMENT HAS LOST GROUND IN RECENT YEARS.ALSO,

NON-BUSINESS OBLIGATIONS TOWARDS MEMBERS, BASED ON FAMILY TIES ETC. HAVE OFTEN MADE CO-OPERATIVES UNPROFITABLE. MUCH OF THE PROJECT TRAINING OF CO-OPERATIVE DIRECTORS AND STAFF HAS THEREFORE BEEN WASTED.

FIELD COURSE MATERIAL WAS NOT REALLY GEARED TO FIELD CONDITIONS. THE COLLEGE MAY HAVE OPERATED TOO MUCH IN ISOLATION, NOT BASED ON EXTENSIVE FIELD RESEARCH.

QUALITY OF THE GRADUATES, NOW EMPLOYED BY THE DEPARTMENT, HAS OFTEN BEEN POOR.

COURSE MATERIAL HAS NOT BEEN PUT TO USE BECAUSE OF CONFLICTS AND POOR MANAGEMENT WITHIN THE DEPARTMENT (SEE ALSO PNG/73/017).

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3. SUMMARY: PROJECT HAS SUCCEEDED IN LEAVING BEHIND A STAFF TRAINING COLLEGE FOR THE BUSINESS DEVELOPMENT DEPARTMENT AS A RUNNING OPERATION. QUANTITATIVE OUTPUTS HAVE BEEN MORE OR LESS SATISFACTORY. THERE HAVE BEEN MANY COMPLAINTS ABOUT LOW QUALITY OF TRAINING. GOOD QUALITY RESULTS HAVE NOT ALWAYS BEEN PUT TO GOOD USE.

5. EMBASSY COMMENT: THE SAME COMMENT IS APPLICABLE TO THIS PROJECT.
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